

**Franchise Tax Board
Collection Efficiency Initiatives
Board Information Item
March 19, 2009**

Top 250 List

California Revenue & Taxation Code Section 19195 directs the Franchise Tax Board to publish an annual list of the top 250 taxpayers with lien state income tax delinquencies greater than \$100,000. The first top 250 list was published on October 12, 2007

Each year we have made minor changes to how we administer the program which have resulted in improved program efficiencies and increased revenue. More than \$23 million has been collected since the implementation of the Top 250 program. The 2009 Top 250 list will be published on or around April 9, 2009.

Treasury Offset Program

Beginning in July 2008, the FTB began participating in the Treasury Offset Program (TOP) to offset federal income tax refunds on delinquent income tax debts. Participation is currently limited to a pilot program intended to determine the feasibility of full participation in the future.

Since the Treasury Offset Program pilot began in July 2008, we have mailed approximately 3,000 "Intent to Offset Federal Payment" Letters (Intent Letter). Since October 2008, we have submitted about 2,200 delinquent income tax debts for potential offset of IRS overpayments. We have received over 260 payments totaling about \$750,000. These payments include Intent Letter payments, IRS refund offsets, and IRS stimulus payment offsets.

Future plans for the program include a proposal to reduce Treasury offset costs, and the development of a Feasibility Study Report to fully automate the program.

e>Demand

We recently introduced e>Demand, an online application that makes it easier for escrow, title, or mortgage companies to submit lien payoff demand requests. The e>Demand application is a fast and easy way to submit demand requests to the FTB for individuals or business entities.

The prior method of receiving lien payoff demand requests supported faxed requests only, was cumbersome and time consuming, and often required multiple contacts to get the demand processed. e>Demand ensures that FTB staff get the complete information they need to expedite the requests, and our quick response time assists in allowing the submitters to complete their transactions quickly, closing escrow and satisfying the taxpayers liability. E>Demand has significantly reduced the overall demand process time, allowing the Lien Program to redirect staff to other critical workloads.

Business Entities Complex Account Resolution Team (BE CART)

The Business Entities Complex Account Resolution Team (BE CART) is responsible for collecting Business Entity (Corporation, Partnership, LLC) collection accounts with balances in excess of \$25,000. During the last calendar year the team began piloting changes to the administration of the program. Changes that were tried include the screening of accounts, the specialization of staff workloads, and the utilization of technology to support core collection activities.

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Results of the pilot project (which is now standard practice within the team) were phenomenal with calendar year 2008 team collections of more than \$115 Million an increase of more than 48% from the previous year. Other ARM Collection teams have now begun testing some of BECART Teams methodologies within their own programs

Collection Notices

The Franchise Tax Board is reducing its billing cycle by eliminating two notices that will result in increased efficiency and cost savings of \$223,000 annually. Currently there are four Personal Income Tax (PIT) voluntary billing cycles, which allow taxpayers to voluntarily resolve their outstanding obligations within time frames of between 105 and 225 days. The extended length of the voluntary billing cycle delays revenue and the issuance of liens and levies.

Effective July 1, 2009 the billing cycle will be reduced to three notices. The changes to the billing cycle will accelerate revenue, reduce IT, printing, and postage costs, and reduce the average time it takes to resolve collection accounts.

Community Outreach Programs

Disaster Recovery Support

For over 2 decades FTB Field Office personnel have been a part of the State of California disaster recovery program. Our personnel have assisted victims of numerous fires, floods, earthquakes, snow and windstorm damage.

In the past our participation has been entirely reactive with information and supplies being put together as the site staff is literally on the way out the door. The Franchise Tax Board is now developing a proactive approach to preparing for future disasters. The approach includes uniform disaster site training, disaster site support kits which use digital media, and the creation of a preplanned communication structure and leadership tree.

Filing Season Support activities

For many years the FTB Field office staff have been active participants in community outreach programs that recognize the needs of the multi-lingual community. By delivering services to the immigrant and non-English speaking California taxpayers we help taxpayers voluntarily comply with tax laws in a way that lessens their burden of paying taxes.

Recent events at which the FTB staff have been involved include providing training to BOE and community volunteers for a Thai Community Filing day, supporting the Controller, John Chiang's, VITA program with several Spanish speaking staff and helping Board Member, Dr. Judy Chu's, outreach to the Asian community by providing an employee who speaks Mandarin.



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Collection Efficiency Initiatives

ARM Division

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Presentation Overview

- Top 250 List
- Treasury Offset Program
- E>Demand
- Business Entities Complex Account Resolution Team
- Collection Notices
- Community Outreach Programs



Top 250 List

- California Revenue and Taxation Code Section 19195 directs FTB to publish annually a list of Top 250 taxpayers with delinquencies of over \$100K
- Three Phases to Top 250 Program
- 2009 List will be published on or about April 9, 2009



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Collection Efficiency Initiatives

Season	Pre Letter	250 Letter	250 List	Totals to Date
#1	N/A Revenue 0 Volume 0	Mailed 8/13/07 Revenue \$301,263 Volume 250 letters	Published 10/12/07 Revenue \$203,972	\$505,235
#2	Mailed 1/3/08 Revenue \$3,290,818 Volume 500 letters	Mailed 2/19/08 Revenue \$935,471 Volume 250 letters	Published 4/7/08 Revenue \$5,035,329	\$9,261,618
#3	Mailed 10/23/08 Revenue \$13,563,432 Volume 1000 letters	Mailed 2/18/09 Revenue Volume 250		\$13,563,432



Treasury Offset Program

- Pilot program initiated in July 2008 to offset federal income tax refunds on delinquent income tax debts
- Pilot Program to determine feasibility of full participation in the future





Treasury Offset Program

• Letters Sent to Date	3,000
• Delinquent Income Tax Debts submitted for offsets	2,200
• Payments Received	260
• Revenue Received	\$750,000



Treasury Offset Program



- Reducing TOP Costs
 - Reduce Mailing Costs & # of hours for hand mailing
 - Proposed legislation for authority to collect offset fee
- Plans for the Future
 - Development of Feasibility Study Report to fully automate program



E>Demand

- Implementation in July 2008
- Prior to e>Demand
 - All demands received in paper format (Over 14,000 demands in 2007, over 35,000 sheets of paper)
 - 700 hours in sorting, noting accounts, and batching
 - 24% of faxes required an outbound call for additional information
 - 12% of all requests were followed by an additional inbound call for a status of the request





E>Demand – How does it work?

- Is a web based “lien payoff” request submission form
- Is linked to an Outlook mail-box
- Is directly accessible by authorized Lien staff
- Requires “all” necessary information in a standardized format
- Provides an auto-reply confirmation with an estimated turn-a-round time





E>Demand Savings and Benefits

- Phase out of faxed requests saving on supplies, fax and maintenance costs
 - August 2008 9% of volume e>Demand
 - February 2009 54% of volume e>Demand
- Cost Savings for first full year of \$28,000
- Significant reductions in inbound and follow up calls
- Savings of approximately 700 hours
- And it's a Green Application





Business Entities Complex Account Resolution Team

- Responsible for large balance and sensitive Business Entity Collection Accounts
- Current inventory balance of over \$673 million





Business Entities Complex Account Resolution Team

- January 2008 began strategy “Planning for Success”
 - Analyze and prioritize every new account
 - Maximize the time spent on revenue generating accounts
 - Leverage Staff strengths
 - Strong commitment to Core Activities
 - 48% increase in revenue from previous year



BE CART Revenue

	Revenue Generated	Production	Hours Per Account	Revenue Per Hour
2007	\$78,445,428	2,604	5.86	\$5,144
2008	\$115,997,968	3,618	3.42	\$9,363



Collection Notices

- Current Notice Process
 - Four Personal Income Tax (PIT) Voluntary billing cycles
 - 3 to 5 notices giving 105 to 225 days to voluntarily resolve
- SAM requires 3 notices
- Other Agencies
 - BOE 5 billing cycles with maximum of 105 days for voluntary resolution
 - IRS 3 notices with 90 days to resolve



Collection Notices

- Changes effective July 1, 2009
 - All billing cycles to receive 3 notices
 - Revenue acceleration through elimination of 2 notices
 - Anticipate increase of \$7 million in non-automated revenue in FY 2009/2010
 - Cost Savings of \$223,000



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Community Outreach Programs

- Disaster Recovery Support
- Filing Season Support Activities





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Disaster Support – San Diego October 2007





Disaster Support

- In person services provided by FTB at sites
- Information and forms regarding the right to amend the prior year's tax return with the current years loss thus expediting a potential refund to be used in recovery.
- Help in obtaining lost financial records without cost
- Special extensions to file without penalty
- Assistance in setting up installment agreements
- Taking address change notifications
- Providing simple human companionship and an ear to listen



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FTB At The Relief Centers – San Diego October 2007





Disaster Support

- Proactive Approach to being prepared
 - Use of Newer Technologies at Disaster
 - Training
 - Site Kits Ready and Available





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Filing Season Support Activities

- VITA Day at Thai Temple





Additional VITA Support Activities

- Spanish and Mandarin speaking staff support activities at Board Member VITA sites





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Thank You